

# AB 32 Scoping Plan

## Energy Action Plan Meeting

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**California Air Resources Board**

California Public Utilities Commission  
California Energy Commission  
Air Resources Board  
December 8, 2008



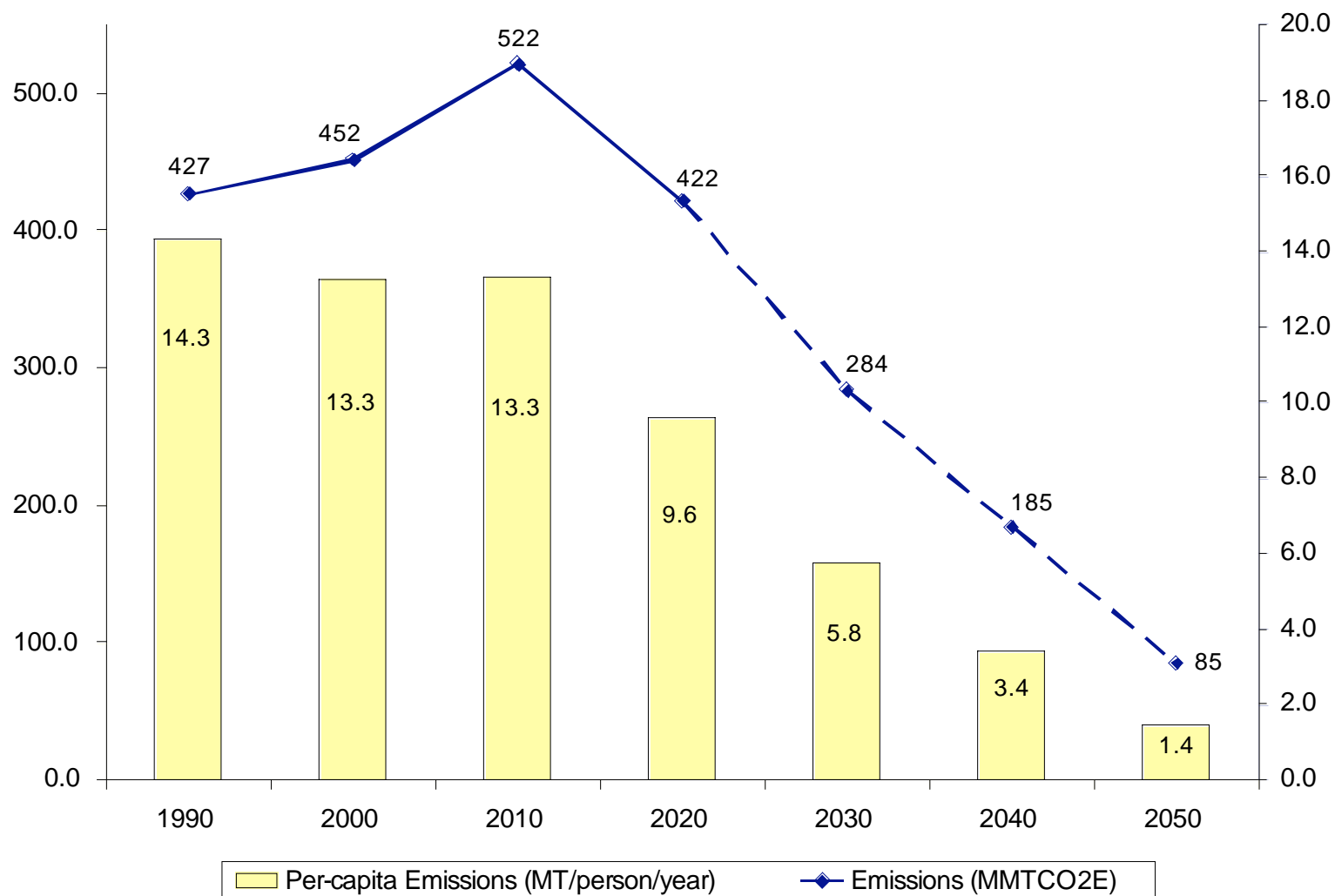
## AB 32 Proposed Scoping Plan

- Comprehensive plan focused on greenhouse gas emission reductions
- Mix of strategies that combine market mechanisms, other regulations, voluntary measures, and fees
  - Incorporates nine early action measures
- Air Resources Board scheduled to vote on Plan on December 11, 2008



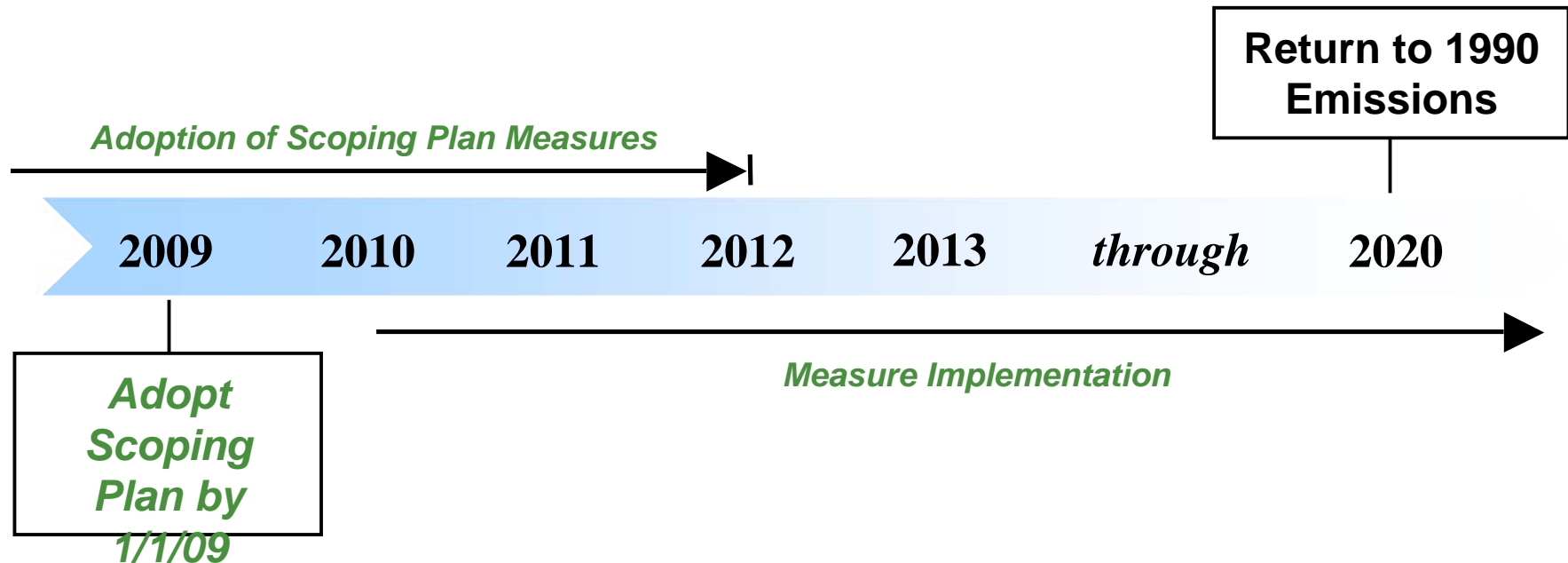
# Moving Toward 2050

## A Clean Energy Future





# Adoption of the Plan is just the next step





## Scoping Plan Elements

- Broad-based cap-and-trade program
  - ☐ Electricity, industry, transportation, natural gas
- Complementary measures
  - ☐ Energy efficiency
  - ☐ Vehicle emission standards
  - ☐ High global warming potential measures
  - ☐ Renewables
  - ☐ Land-use planning



## Energy Efficiency

- Plan includes aggressive energy efficiency goals
- Meeting the goals in the Scoping Plan will require
  - Expanded utility-based energy efficiency programs
  - More stringent building and appliance standards
  - Green buildings and waste reduction
  - Innovative strategies that go beyond traditional approaches
- Plan relies on expanded efforts by the California Energy Commission and CPUC



## Renewables and Distributed Generation

- Achieve 33% renewables statewide by 2020
- Million Solar Roofs Program
- Residential solar water heaters
- Maximize high efficiency combined heat & power
- Plan relies on expanded efforts by the California Energy Commission and CPUC



# California Cap-and-Trade Linked to Regional Market

- California cap-and-trade program that links with other WCI to create regional market
- Consistent with recommendations by California Energy Commission and CPUC in Opinion 06-04-009
- Capped sectors include ~ 85 % of CA emissions



## California Cap-and-Trade Linked to Regional Market (cont.)

- CPUC/CEC recommendation contains detailed discussions of many topics
  - Scoping Plan is much less detailed
- ARB will work closely with CPUC and California Energy Commission on an ongoing basis in developing the rules for cap and trade
- Need to develop regulations by the end of 2010 for program to launch in 2012



# Cap and Trade Rulemaking – Key Issues

- Allocation Method
- Limits on Offsets
- Use of Revenue



# Allocation Method

- How should allowances be distributed?
- What the Plan recommends:
  - ☐ Minimum of 10% auction in 2012
  - ☐ Minimum of 25% auction in 2020
  - ☐ 100% auction is recommended by many groups
  - ☐ Will seek input from public, stakeholders and a broad range of experts



## Role of Offsets

- What should be the role of offsets?
- What the Plan recommends:
  - ☐ At least half of the reductions must come from capped sources
  - ☐ All offsets must meet high quality standards; no geographic limits



## Use of Revenues

- What are the best uses of revenue?
- What the Plan recommends:
  - Recognizes that there are many potential beneficial uses of revenue, identifying best uses to be part of cap and trade rule development
  - Will seek input from broad range of experts in open public process as part of the design of the cap-and-trade program



## Implementation of the Plan

- Through 2010: develop regulations to implement the Plan, including the cap-and-trade program
- ARB will establish a formal structure to elicit public input in the regulatory process
  - Regulatory development will follow normal public process
  - Extensive stakeholder outreach and involvement
  - Close and ongoing coordination with California Energy Commission and CPUC
- California will work closely with WCI partners in the development of the regulations
- Expect more details later this year, and lots of meetings starting in early 2009



## For Additional Information

- ARB Climate Change Web Site  
[www.arb.ca.gov/cc/cc.htm](http://www.arb.ca.gov/cc/cc.htm)
- California Climate Change Portal  
[www.climatechange.ca.gov](http://www.climatechange.ca.gov)
- Information on the Scoping Plan  
[www.arb.ca.gov/cc/scopingplan/scopingplan.htm](http://www.arb.ca.gov/cc/scopingplan/scopingplan.htm)